

THE POLICY OF SELF HELP.



8

SUGGESTIONS TOWARDS THE

CONSOLIDATION OF THE EMPIRE,

AND

THE DEFENCE

OF ITS

INDUSTRIES AND COMMERCE.



TWO LETTERS

BY

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THE HISTORY OF THE EMPIRE

OF THE ROMAN EMPIRE

BY THE REV. JOHN BISHOP

OF THE UNIVERSITY OF OXFORD

IN TWO VOLUMES

LONDON

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PREFACE.

THE efforts recently made to direct public attention to the subject of the following letters have provoked a good deal of criticism, sometimes angry, and often contemptuous.

This movement of opinion may, of course, be a mistaken one; or, if well founded, may be lulled by some temporary return of prosperity; but it cannot be scolded into silence, or repressed by scorn. Nor, on the other hand, can its object be advanced by the impatient zeal which would drag it into the arena of party politics, for it is not a party question. No Government ought to attempt to deal with it, except upon the distinct demand of the great body of the people. To invite the attention of working men, and to put our facts and arguments temperately before them, on all suitable occasions, is therefore the present duty of those who believe a change of policy to be required.

And there must be no putting forward of class interests; no selfish and partial efforts to obtain relief for the manufacturing population at the expense of the agricultural, or *vice versâ*. A well-considered and comprehensive policy can alone command sufficient support; or, if carried into effect, produce lasting benefits.

It has been said that a Government based on a widely-extended franchise can never successfully rule or hold together an Empire embracing distant Colonies, because the multitude, whether at home or in those Colonies, will never grasp a far-reaching policy, however wise and beneficent, nor make the present sacrifices it may demand, nor allow it to be pursued with the needful steadfastness.

And thus I am continually told, as the one conclusive argument against my proposals, that the working class will never tolerate an import duty on food, however moderate, even if adopted simply as an instrument to defend their own employment and wages. But they have proved, and are daily proving, by immense sacrifices made through the agency of Trade Unions, their readiness to incur present loss in order, as they believe, to secure future advantage, and to escape the consequences of over-competition. I am confident, therefore, that when better informed on this question, they will not only tolerate but demand the adoption, at whatever temporary cost, of a policy which would deliver them from the unfair competition, in the home market, of foreigners who refuse to admit their productions in return; and, from the still greater loss and danger of depending for food upon nations who will only receive their manufactures in exchange subject to import duties which operate as a heavy fine, and so depress their employment and rate of wages to the lowest level.

For it is their interests and those of their children which are most of all imperilled. The present crisis will sooner or later pass; many employers and many distributors will disappear, trodden down in the pitiless struggle for a diminished trade; and those who survive—the strongest in capital and ability—will probably enjoy a period of prosperity, because they will have fewer competitors, both in the sale of productions and in the purchase of labour; whilst many workpeople will be left without employment, and the rest will receive greatly reduced wages. Meantime, it is melancholy to see employers and workmen wasting their diminished resources in mutual injury, instead of standing shoulder to shoulder to resist and defeat that selfish policy of foreign nations which is rapidly impoverishing them both.

It is said that Emigration must be looked to as a means of relief. Yes; the forced emigration of a starving people—that exodus of English labour and capital to which Americans have all along boastfully pointed as the certain and triumphant issue of their Protectionist policy,—this is the alternative that our critics are willing to encounter, rather than abate one jot or tittle of their pedantic theory. Indeed, the whole issue of the

conflict between American and English commercial policy is whether the industrial population of Britain, now dependent on foreign food, shall be permitted to remain and to labour in their native country, freely exchanging the work of their hands for such food ; or shall be forcibly expatriated, and compelled to become citizens of the United States, as the only condition of effecting that needful exchange.

For, as matters stand, it is to America that they must go ; it is there, and not in her own Colonies, that England has spent the countless millions of her savings, in opening out by railways the land that is to grow her corn and other chief supplies of food. And, as if the more completely at all points to play the game of American policy, she has, with a cold and pitiless impartiality, treated her Colonists themselves exactly like foreigners, steadfastly refusing to grant to their productions, on entering British ports, the least advantage over those of nations who exclude her manufactures by enormous duties. The inevitable result is that the Colonies are treating the mother country more and more as foreign nations treat her ; and, unless she shall change her policy, they will go on in that course until they too shall have shut out her manufactures. She will then naturally decline any further liability to taxation for their advantage or defence, and thus the Empire will be broken up, and England reduced to the position of a second or third rate power.

And what class of society, whether in England or the Colonies, from the richest to the poorest, but will share the humiliation and the loss ?

Compared with consequences like these, what matters a difference of 10—or even 20—per cent. in the cost of food ? Have we not, during the past ten years, encountered far larger fluctuations in the price of food, of which the nation, well employed in all its industries, and enriched by foreign trade, was scarcely conscious, and which were certainly never taken into account by any manufacturer in estimating the cost of his goods, simply because they never affected the rate of wages ?

Is it not plain that work and wages are as essential as cheap food ; and that to let slip a large portion of our employment, in order to gain an extra turn of cheapness in our food, is a folly

like that of Esau, who for a morsel of bread sold his birthright? For it is only the *last turn* of cheapness that we do gain by our present shortsighted policy; cheapness and plenty we should still have, after taxing foreign supplies 10 per cent.; since America, compelled to sell her vast production at some price, must certainly bear the loss of a portion of that impost; whilst the stimulus given to Colonial agriculture would operate to increase the total supply of food.

I have enough real respect for working men to dare to tell them, with perfect frankness, what I honestly believe. If, therefore, I have proposed to them, in the following letters, two great sacrifices of present interest, it is because I am convinced that by no other means can steady employment, fair wages, and reasonable hours be secured to them in future.

I have recommended a return to 60 hours' work per week in factories as the best course under present circumstances, though I firmly believe that, had we earlier taken steps to combat the hostile tariffs directed against us, we should have found the existing term of 56½ hours sufficient. The vast increase of labour-saving machinery, and of facilities of transit, ought naturally to bring an increase of leisure to all who labour; and if this result be not realized, it is because hostile tariffs interfere to prevent the free interchange of our productions, and compel our ironworkers and spinners and weavers to give more hours of labour than they ought, in exchange for their supply of food from foreign countries. To secure a reasonable limitation of the hours of labour we must, therefore, either break down those hostile tariffs, or make ourselves independent of the nations which impose them; and I think the following letters will show that a small tax on foreign food products is the only instrument by which we can effect this.

All attempts to persuade working men that it is designed to tax their food or lengthen their hours of labour, in the smallest degree, *against their will*, are too absurd to receive serious notice. The power to do any such thing rests entirely with themselves; but, on the other hand, should they determine to use that power, it is equally certain that no doctrinaires, of whatever school or party, will be able to forbid them.

I am accused, in many quarters, of disloyalty to the principle of Free-trade ; of a lingering desire for Protection. It would be precisely as just to accuse a man of being litigious, who, after always exhibiting a singularly peaceable and forbearing disposition, should at last be driven to legal proceedings to maintain some indispensable right. In reply, I can only submit the letters now reprinted, to the judgment of impartial readers ; I have nothing to retract. Protectionism resides in the motive,—in the desire for protection ; its very essence is wanting in duties imposed for the sole purpose of bringing about an extension of the area of Free-trade, after all other means have failed.

In perfect sincerity, I have admitted and extolled the soundness of the principle of Free-trade ; I have acknowledged that no import duties of any kind could be other than a burden and a loss to the nation during their continuance. But I have urged, with the earnestness of profound conviction, that present circumstances render it wise—nay, absolutely needful for us to take upon ourselves that burden and that loss, in a small measure and for a limited time, in order to work out our deliverance from a far heavier burden and a far more enduring loss.

W. F. E.

20TH MAY, 1879.

LETTER I.

To the Editor of the Bradford Observer.

Sir,—Neither Mr. Forster's address to the Bradford Chamber of Commerce, nor Lord Derby's recent speech at Rochdale, nor the frequent articles in the *Times*, *Economist*, and other leading journals, deal at all directly or satisfactorily with the opinions held by myself and many others, which are confounded with views of a totally different character, and loosely described as the policy of reciprocity. Is it not worth while to meet our opinions fairly and answer them specifically?

We are all agreed as to the soundness and desirability of free-trade, and we must all admit that, in spite of the hopes and the constant sanguine predictions of the past 30 years, free-trade is steadily losing ground. Is it then more reasonable to drift along, resting on expectations which experience has completely falsified, or to set ourselves steadily to consider what will be our position if, as may be deemed certain, the system of protection should still grow, and gradually, during the next 30 years, overspread such nations as Turkey, China, Japan, the South American States, and our own colonies and dominions? Here is a distinct controversy, in which it appears to us that we are always met by a repetition of those vague, vain hopes which can never soothe us more, instead of a fair examination of the consequences which must fall upon our trading and labouring population if, as we see no reason to doubt, our productions be shut out increasingly from foreign markets in the future as in the past.

The dangers which must ensue for us, should foreign nations refuse to follow our free-trade policy, were, I think, always set aside by Mr. Cobden by the positive repetition of the assurance that they would never arise, for that other nations would soon be compelled by self-interest, and by the spectacle of our prosperity, to follow in our wake.

To those who doubted this, it was all along clear that we might have to pass through three stages of experience, *viz* :

1. A period of almost unbounded prosperity, during which the nations from whom we purchased our supplies of food and raw materials, *not having the means as yet of manufacturing for themselves*, must of necessity take our productions in exchange. During this period, any protective duties they might levy would not affect us, and would only enhance the cost to themselves.

2. A transition period, during which these nations, gradually increasing their own manufactures under the shelter of protective duties, should become more and more independent of ours ; yet during which the increased prosperity of our home trade and the growth of markets in semi-civilised lands should suffice to maintain our prosperity.

3. A period of contraction and difficulty, when—being obliged to import half the food of a dense and delicately organised population—we should find the nations excluding, by hostile tariffs, those products of our industry which are all we have to offer in exchange in the long run.

To escape this difficulty, we should at first force our goods on such markets as remained open, sustaining an illegitimate trade by unsound financial and banking operations ; and thus, as long as possible, obtaining, even at a serious loss, the means of paying for our food imports.

Meantime, whilst excluded from the ordinary healthy current of demand for manufactures in America and on the Continent, we should be subject to a most trying and dangerous set of spasmodic influences.

For whenever, at a moment of prosperity, the demands of those countries should happen to exceed their existing means of production, we should receive large orders for iron and textiles, which would (as in 1871-72) disturb our equilibrium, raise prices and wages, induce great and sudden extensions, and excite and demoralise our people, and then as suddenly cease, leaving us to regain our balance as we could. Thus we should occupy the insecure position of "Deferred Stock Holders," receiving no demand till A, B, C, D, and E were satisfied, and then taking temporarily the *whole surplus demand*.

The moral and pecuniary results of such a series of excitements and depressions must be equally disastrous, and must culminate in a fourth and final period, such as I will not attempt to pourtray; let every English patriot pray that no vision of it may ever haunt his dreams.

Such then are the dangers which we see and fear—such the fate in whose grasp we already feel ourselves; whilst we believe that it is not too late for England, by the adoption of a large and far-sighted policy, to avert them completely, and to lay strong and deep the foundations of a steadier and more lasting prosperity.

But before describing this policy, let me say once for all what we do *not* want, and therefore what we trust our critics will cease to attribute to us, or to expend their energy in denouncing.

We do *not* want *protection* against our foreign competitors, (I write as a manufacturer); we will cheerfully compete with all comers; and if the French or others can beat us in some specialities, all honour to them. No nation can be vain enough to expect to excel the world at every point, surely.

We do *not* want *retaliation*, as commonly understood; a complex system of import duties, graduated to meet the varying follies of foreign protectionists, would be a remedy too silly for discussion.

We do *not* want an import duty levied on the raw materials of our industries; that would be a simple act of suicide.

We do *not* want the *coercion* of our colonies and dependencies into a free-trade policy; that would be to provoke resentment where we ought to attract and conciliate.

What we do want is that certain great objects should be clearly, resolutely, and persistently pursued; I place them in the order of their importance.

1. That the United Kingdom and its colonies and dependencies be gradually welded into one great Free-trade Empire, capable, if the protective system be finally adopted by other nations, of supplying all its own essential wants.

2. That our fiscal arrangements be directed to discourage the growth of our food, and the further investment of our capital in those countries which impose duties on our productions, and to divert the current of investment and emigration to our own dependencies.

3. That we abandon the system of commercial treaties until, by the temporary imposition of special duties, we shall have regained, in every instance, the power of bargaining for equal treatment.*

To attain the first two objects, our course of action is clear ; to impose and maintain, for at least 30 years to come, a moderate import duty on articles of food and mere consumption received from foreign nations ; admitting the like commodities from all parts of our own empire, *free*. We need not wish our colonies to impose similar duties, as their enjoyment of a profitable transit trade would greatly aid their development, which, and not revenue, is our primary object. Thus American food products would come, to a large extent, by way of Canada, enriching her railways, merchants, and shippers, instead of those of the United States.

I have already said that no duties would be levied on the raw materials of our industries, from whatever quarter they might come.

A steadfast adherence to this policy would necessarily, though no doubt gradually, transfer the trade of growing food and luxuries for the English market from foreign protectionist nations to the various portions of our own grand empire, which, were its resources fairly developed, is undoubtedly capable of supplying five times our requirements, well and cheaply.*

A large field for emigration, and for the legitimate and safe investment of English savings, would thus be opened out, to the discomfiture of the floaters of foreign loans, American railway bonds, and unsound limited companies.

Our dependencies, thenceforth bound to the mother country by the strong ties of material advantage, as well as those of sentiment and affection, would be more ready to meet our wishes, and to establish free-trade with us and with one another, in return for the great privilege accorded to them. No coercion would be needed or thought of ; but an inspiring sense of renewed youth, an assured hope of a secure and glorious future, independent of the caprices of foreign legislation, would be felt by the citizens of the British empire throughout the world. A

* See Notes A and B.

Free-trade Empire of 300 millions of people, embracing every variety of soil and climate, and strong to maintain the freedom of the seas, would be no mean World in itself.

And what is the sacrifice requisite to attain this end ?

An enhancement of the cost of some articles of food and luxury perhaps equal to one-seventh the amount now spent in intoxicating liquors ; perhaps less than the annual interest of the capital lost during the past ten years in foolish loans to foreign governments, and foreign railway and other companies ; a loss likely enough to be repeated during the next ten years, if our present aimless national policy be continued.

But it is said that our manufacturing population would not endure the imposition of any import duties on articles of food.

That depends upon the amount, and still more upon the purpose of such duties.

I have conversed much with working men on this subject ; many of them are keenly alive to the danger of our increasing dependence for food upon nations who will not admit our manufactures in return ; and I am convinced that no class in the country is more ready to appreciate such a policy as the foregoing, or to make whatever present sacrifices may be needed to realise it.

They fully understand that even the increase of cost would not be lost, but that the produce of the import duties would go either to lessen other taxes or to reduce the public debt. They also recognise the tremendous pressure at present felt by our agriculturists, which is seriously damaging the home trade, and thus lessening their own employment ; and they do not think that any class can long profit by the ruin of another. On the principle of "Live and let live," they would, therefore, not regret any advantage which might accrue to the agricultural population.

They trouble themselves little, so far as I can judge, about foreign competition here ; but a great deal about the increased exclusion of their own handy work from foreign countries by protective tariffs, especially when this is done by nations whose best customers they know themselves to be. They would, therefore, regard with a rather contemptuous indifference any duties

levied by England upon foreign manufactures *for their own protection* ; but would highly approve them as means of exercising pressure abroad to obtain fairer treatment for British manufactures.

But there is growing in their minds a strong feeling of distrust, almost of resentment, against those who on the one hand declare that our Government cannot and ought not to do anything to meet and foil the selfish policy of foreign protectionists, and on the other hand that we must encounter their hostile tariffs by lowering wages till we can force a demand in spite of them. For they see clearly that, to do this, their wages must always be lower than those of the foreign workman by the amount needed to overcome the tariff which protects him.

Whatever may be the judgment of working class constituencies upon a policy such as I have tried to sketch, I dare venture to assert that its advocates will, at least, receive more favour at their hands than those who have no policy to propose but that of passively drifting into the straits prepared for us by the protectionist nations.—I am, sir, yours faithfully,

W. FARRER ECROYD.

Lomeshaye Mills, near Burnley,
January 23rd, 1879.

LETTER II.

To the Editor of the Bradford Observer.

Sir,—I have always intended to set forth some further facts and arguments in support of the policy advocated in my previous letter, and it is for that purpose that I now ask to be once more allowed to trespass on your space. I shall notice, in passing, some of the criticisms of it which have appeared in your columns, but am content in the main to leave what has been said to the judgment of your readers.

It is evident that in many minds the effects of foreign competition and those of foreign protective tariffs are completely confused; now these two things are absolutely separate, and must be carefully kept so in every discussion which is to be of the least service. Foreign competition in the home trade, or in neutral markets, is only to be met by intelligent enterprise, by integrity and industry, by the acceptance of wages and prices such as the times will afford, by the spread of real education, by the avoidance of extravagance and carelessness on the part of all classes—buyers and sellers, masters and workmen. Against foreign protective tariffs, however, none of these things are or can be of the least avail; for should we ever succeed for the moment in thus neutralising them, they would at once be raised sufficiently to make them effect the purpose for which they were imposed.*

For myself, I utterly disclaim any desire to invoke the action of Government to help us in the first of these issues; and should it be needful to impose duties on foreign manufactures as means of obtaining the admission of our own into other countries, I earnestly hope that such duties may be regarded as purely temporary, and their duration strictly limited to the attainment of that end.

* See Note C.

We may observe a very similar confusion of ideas in many persons who first mis-apply the term Free Trade, and then found arguments upon the mis-used term. I have always said, and I now repeat it,—Free Trade is sound, beneficent to all parties, heartily to be desired everywhere. But Free Trade is the interchange of commodities between nations on terms of *equal freedom*; and that is what we do not at present enjoy, and what we cannot obtain as between ourselves and foreign countries, because they are unwilling to do their part in that mutual action which alone constitutes it.

Such questions as those of your correspondent, “One or them,” who asks (Feb. 18th), “Does the decline (of our trade) proceed from our policy of Free Trade? and is our policy of absolute Free Trade unable to compete with the foreign policy of moderate protection?” are instances of this confusion. Whatever we may desire, or assume in theory, we have no policy of absolute Free Trade in force; for the simple reason that such a policy requires the co-operation of foreign nations, which we have been hitherto entirely unable to obtain.

Mr. H——, again, remarks, “A trade must be free absolutely, or it is not Free Trade;” and then goes on to say that it is for me to show that a trade limited to a certain portion of the world is in a true sense of the word, “Free Trade.”

I so entirely adopt his first proposition that I am spared all further trouble in regard to the demonstration he invites. The quality, not the geographical distribution, is clearly that which constitutes Free Trade; it must be, in his words, “absolutely free,” not free on one side and bound on the other, or it is not Free Trade at all. Absolute Free Trade between England and France would be real Free Trade; whereas the kind of trade we now have with France would never be Free Trade, though extended to the whole world.

Far better, therefore, for the eventual spread of real Free Trade, to say at once to France and some other countries, “We insist either on Free Trade or open Protection; we will have whichever you choose, but it shall be the same on both sides; we care not how large the exchange of your manufactures for ours, but it must be on equal terms, and shall be in future on no other.”

To carry this policy into effect, it would, I think, be sufficient to impose on all foreign manufactured articles an *ad valorem* duty about equal to that now levied by the French on our goods, say 12½ per cent.; but in doing this we ought to give distinct notice that in case any nation should agree to admit our manufactures duty free, we would at the same time open our ports to theirs on the same terms. A perpetual offer of Free Trade in manufactures would be thus made to all nations. Surely this is not to demand Protection for the British manufacturer, but simply a fair field and no favour; it is therefore both illogical and disingenuous to represent it as a cry for some artificial shelter to spare him the necessity of wholesome and intelligent exertion.

The last restriction of hours of factory labour, not having been imitated by our foreign competitors, has proved so injurious to the interests of all, that masters and men should everywhere unite in petitioning Parliament to revert to the previous very reasonable limit of 60 hours per week; this, I believe, is all the help they need to ask from Government in their struggle against foreign competition.

No doubt the last sudden flush of excessive prosperity in 1871-2 produced an unhealthy inflation, and to a certain extent demoralised all classes by encouraging carelessness, idleness, and extravagance. But these bad habits will be checked by the wholesome discipline of adversity, and wages and prices of all kinds will find their necessary level here as in other countries.

So that after all, on a fair field we can, I am convinced, still beat our foreign competitors in those great industries which are best suited to the genius of the nation. The French will, as heretofore, excel us in certain specialities—notably in articles of fashion and luxurious taste; the Americans will outstrip us in a few labour-saving “notions,” and in handy utensils for the farmer and woodman, both born of the necessities of a new country; but our first-class ironworks and factories, and their attendant workers in iron, cotton, and wool, for the wants of the million, are not yet matched in the world, nor likely to be.

In spite of all the talk about our being beaten in fair competition, I should just like to watch the result of absolute Free

Trade for three years between England, France, Germany, and America, and to see whose ironmasters, shipbuilders, cotton, worsted, woollen, and other manufacturers, would first cry out, "Hold ; enough."

No—it is not the fair competition of foreign nations that we fear, but their hostile tariffs, which exclude us from competition.

This exclusion we might endure, could we dispense with the large supplies of food which we have been accustomed to buy in exchange for our goods ; but as we can only feed our manufacturing population by the sale of their productions, whilst foreign nations are more and more resolutely closing their doors against those productions, we have but two alternatives.

Either (1) our population and its industries must be reduced in proportion to this forced contraction of demand ; or (2) we must, even at some present sacrifice, take active measures to establish within our own Empire food-growers who *will* purchase our manufactures in exchange.

This conclusion is inevitable, and it is useless to say we should prefer other circumstances, or that we object to make any present sacrifices ; the case is one of necessity, and in choosing the latter alternative we simply accept the less evil of the two before us.

What then are the capabilities of our Colonies, either as customers for our goods or as growers of food ? In the year 1877, (the last of which I happen to have the returns before me), our Australian Colonies, with two millions of inhabitants, purchased our exports to the value of £19,285,718 ; whilst the United States with about forty millions of inhabitants, purchased only to the value of £16,376,814. In the same year the Dominion of Canada (with Newfoundland), containing four millions of inhabitants, took from us exports to the value of £7,613,547 ; whilst Russia, with nearly eighty millions of people, bought only to the extent of £4,178,641. In other words, every Australian is as large a customer to us as sixteen Americans, and every Canadian is better to us than thirty-five Russians. Thus, should we succeed, by the aid of a differential duty, in settling only four or five millions more inhabitants in our Colonies, their custom would be as large as the whole of our present export trade to the United States and Russia combined.

Nor need we fear that by the adoption of such a policy we should lose any export trade to America or Russia which we can retain under the present system, or provoke any action on their part which will not equally be adopted as matters now stand, should they deem it advantageous to themselves. The enormous duties now levied by these nations on our manufactures were imposed by them in the face of our Free Trade policy, and this may convince us that no consideration of reciprocity or want of reciprocity has influenced their action at all.* On the contrary, we should probably convert into zealous Free Traders the carriers, merchants, and exporters of New York and the Atlantic States, who, harassed by the favoured competition of Canada, would be anxious to obtain the largest and most direct exchange of commodities with this country. For, from the moment when they should see us resolved in earnest to become independent of them, the tables would be turned, and the fear of gradually losing their vast trade with England, who now takes two-thirds of their food exports, would make them, instead of ourselves, the perplexed and anxious party. Amongst other results we might reasonably expect a considerable migration of farmers from the remote North Western States into our territories. But it would be a fatal error to allow any offer of reciprocity, even from the Americans, to turn us aside for one moment from the steady pursuit of a policy directed to secure the unity and prosperity of the whole Empire. Instead of that, we ought, as an earnest of our fixed resolve, to make without delay, under an Imperial guarantee of 3½ per cent., the Canadian Pacific Railway and other great works needed to open out and hasten the settlement of the best corn and cattle growing lands in our dependencies. What some of these are the following extracts will show:—

“Of the total area of the Dominion of Canada, upwards of
 “two million square miles are agricultural and timbered lands,
 “and of these the wheat zone occupies about one-half. The
 “range of productions is extended in grains from barley to
 “maize; in fruits from apples to peaches, grapes, melons, nec-
 “tarines, and apricots; in vegetables, from turnips, carrots, and

* See Note D.

"cabbages to the egg plant and tomato."—*Official Handbook of Canada: Paris Exhibition, 1878*.—"North of Lakes Erie and Ontario, and the River St. Lawrence; east of Lake Huron, and included mainly within the Province of Ontario, there is as fair a country as exists on the North American continent,—nearly as large in area as New York, Pennsylvania, and Ohio combined, and equal, if not superior to these states in its agricultural capacity. It is the natural habitat of the combing-wool sheep; it is the land where grows the finest barley; it raises and grazes the finest of cattle, with qualities especially desirable to make good the deterioration of stock in other sections; and its climatic conditions, created by the vicinity of the great lakes, specially fit it to grow men. Such a country is one of the greatest gifts of Providence to the human race."—*Hon. David A. Wells, in the North American (United States) Review, September, 1877*.

To develop these resources and the like in other portions of our Empire, is the task to which we ought at once and energetically to address ourselves; but to do this rapidly, in the face of the vast food-growing and carrying organizations which America, by the aid of our capital, has already got into full operation, would be impossible without the aid of a differential duty. The young plantation will be strong and healthy enough, when full-grown, but it must be fenced and sheltered during its infancy. And probably this is the best investment possible for England herself; for past experience and the clouded future both warn us that, in the absence of such legitimate openings for capital and enterprise, we may totally lose, during the next few years, in unsound home and foreign investments, in the forced idleness of many workpeople, and in the reduced wages of the rest, an amount sufficient to have opened out new lands that would sustain a couple of millions of our people in plenty, and supply half our import of corn, cattle, bacon, butter, and cheese. What would have been our position in these respects at this moment had such a policy been adopted ten years ago, and had one or two hundred millions of the money now hopelessly lost in foreign loans and foreign railway bonds been directed, by the wise initiative of government, to the development of our own territories and the growth of our own food?

India would also profit greatly; indeed if, whilst actively pushing forward the most important public works, we were both to raise the new capital and to re-issue as much as possible of the existing debt at $3\frac{1}{2}$ per cent., on Imperial instead of merely Indian security, and so reduce the pressure of taxation, it is difficult to estimate how much we might raise the condition of her people, and their power to purchase our manufactures. We cannot make our responsibility in regard to India, and our obligation to defend her, greater than they are already; and, this being so, it is mere folly to raise money for Indian purposes on any security short of the best we have to offer, and therefore at higher rates than we need to pay. A privileged trade with England, and reduced taxation, would be worth more than an army of defence for India, by increasing the comforts and the contentment of her people.

The present time is especially favourable for the inauguration of such a policy,—iron and steel being unprecedentedly cheap, and much capital and labour anxiously seeking legitimate employment. Its immediate effect would be to create a large demand for railway and other iron, to ease the Indian exchange, to quicken trade and increase employment in all directions; whilst, later, a large and steady current of emigration would be set in motion, first for the execution of the needful works, and then for the settlement and cultivation of new lands. Our agriculturists, manufacturers, and traders would thus be relieved from the undue competition caused by too much capital and energy seeking employment at home,—and our workmen from the depressing results of an over-stocked labour market.

What, meantime, would be the probable apparent cost of this policy to the British consumer? I say apparent, because I am convinced that the indirect gain would, even from the very first, be much greater to all classes, than the direct and apparent loss.

To effect our purpose it would, I think, be needful to impose specific duties on foreign food products, equal to about 10 per cent. on a low range of values, and to maintain them steadfastly until our own dependencies should be able to supply our wants; save only, that in the event of a bad harvest and high prices, the duty on corn, not being maintained for revenue purposes, could easily be suspended for a year. I will not encumber my letter

with a long array of figures; but after a careful study of our average imports of food products from foreign countries, I find that a duty of 10 per cent. on them would amount to about £12,500,000. From this must be deducted £4,500,000 which would be remitted by reducing to 10 per cent. the existing duties on foreign tea, coffee, cocoa, dried fruits, &c., and by admitting these articles duty free from English dependencies. To the balance of £8,000,000, I add £1,600,000, to cover the charges and profits of distributors on the increased cost; this brings the sum to £9,600,000. We have next to consider the effect of the duties in raising the price of some of these articles which are also grown at home; this is a complicated question, because it is not easy to estimate the proportion of loss which would fall upon the foreign grower, just as Bradford millowners and workmen too well know that they now endure a portion of the burden of those foreign tariffs which press upon their goods, and render their toil and trade so unprofitable. I take the amount, however, at £7,500,000, after much research,—thus bringing the total up to £17,100,000; of which sum it is evident that £8,000,000, being new revenue, would at once enable us to lighten the existing burden of taxation to an equal amount. This would leave £9,100,000 as the nett additional cost to consumers; of which £7,500,000 would go to relieve our depressed and harassed agriculturists, and the remaining £1,600,000 to increase the interest and profits of wholesale and retail distributors, should competition permit them to charge it to us.

Now our present population is about 35 millions, or 7 million families of 5 persons each, amongst whom to divide the added cost of £9,100,000. This would give 26s. per annum, or sixpence per week as the charge on each family; surely a very moderate price to pay for benefits so great and enduring as those which have been described.

Is this most fruitful sacrifice then to be the one specially decried, whilst the serious limitation of employment, and reduction of the wages and incomes of all classes, which do, and must attend us, as we drift passively and aimlessly along our present course, are accepted as if they were the decrees of resistless fate?

Cheap foreign food will avail our people nothing unless it can be obtained in exchange for the fruits of their own industry; for

the workmen whose forges and looms are brought to a stand by hostile tariffs, may yet starve in the midst of unprecedented abundance.*

Our import trade in articles of food is our chief instrument wherewith to obtain an export trade that shall give employment and wages to our people; and if we are content to throw our custom away upon those who will not buy from us in return, we waste a valuable opportunity and must suffer accordingly.

Fifteen or sixteen years ago, trade between England and the United States was about equal in both directions; but now our imports from that country are above fourfold our exports there, leaving a difference of about 60 millions sterling per annum to be met in some forced manner, instead of by the natural process of sending our own productions in exchange.

I have thus far found no one able to explain how our enormous imports of food from America are eventually to be paid for; for two years past we have evidently paid for them to a large extent by the transfer of investments,—but that must soon come to an end. I know we are often told that such matters right themselves by a natural law, and that America must perforce sell less to us, unless she will buy from us in return; but that seems to point directly to the conclusion I most dread, namely, that we may some day be unable to purchase the needful food for our population, because we have nothing to offer that America and other countries are willing to receive in payment.

If again it be said that, to find means of payment, we must increase our trade to distant semi-civilised nations who cannot manufacture for themselves, the answer is that we have already, in the unconscious effort to escape our difficulty, forced our goods upon such markets far too largely; witness the vast losses incurred in the Eastern and South American trades, culminating in recent heavy disasters; so that these openings for the employment of our people, instead of being enlarged, are being and must be further contracted to their legitimate limits.

There is therefore, apparently, no way of escape from the danger and difficulty of our one-sided trade with America and other countries, but the policy I have proposed. It demands a

* See Note E.

great effort and perhaps some sacrifice to begin with, but it would work a radical and permanent cure.

No doubt mutual dependence, and the free interchange of commodities between England and America, would have been far more to the advantage of both nations. But to that end the co-operation of both parties was essential, and it is by no fault of England that such a condition of things has been rendered for ever impossible. Under a persistent policy of protection, America has built up for herself vast iron and textile industries, which are, or soon will be able to supply all her wants. These she will not now destroy or undermine.

The die is finally cast, and by her act, not by ours; mutual independence is the only relation possible between the two countries in future, and the sooner we realize this conclusion and act upon it, the better for us.

We waited long and patiently for the best; it has passed for ever out of our reach. Let us take heed that the possibility of the second best does not slip away, whilst we are still drifting and hesitating. Canada still remains to us,—a mighty resource. But enjoying, in her trade with us, no privilege over the most illiberal foreign nation, there is great danger, as matters now stand, of her being first bribed by the United States into a Protectionist Alliance, and as a final result, absorbed politically.*

One of your correspondents remarks that our Colonies and India would probably decline to accept their assigned parts in this scheme, and argues as though it were intended to restrict them to agriculture only. Can he really suppose that it implies the concentration of all the manufacturing industry of the empire in this island, and the employment of India and the colonies exclusively in growing raw products?

Surely our dependencies would then, as now, be perfectly free to develop themselves to the best advantage, and to establish and maintain such manufactures as they might find profitable, just as we should still grow corn and wool at home; but their superiority in soil, and climate, and area, for the growth of raw materials, and the scope afforded in the mother country for the more perfect organisation of manufactures, would always fix the predominant part of each in the common industry.

* See Note F.

Any further great increase of our home population and manufacturing industries is perhaps neither on economical nor on moral grounds to be desired; for my part, I distrust entirely those "advances by leaps and bounds" which moved to exultation some who are now foremost to proclaim the approaching decline of England, and rise of America. I shall be content if our present position as a manufacturing country can be consolidated and secured, and the way prepared for a safer if much slower advance in future.

Probably an increased opening for emigration to the Colonies would be far happier and better for our growing population, than the closer packing of them in our industrial centres at home, through any expansion (even if we had power to secure it) of our export trade to countries like France, Germany, and America, who might at any moment, by one stroke of the pen, take away their employment, and with it their daily bread. Indeed the danger most to be feared is that some sudden access of prosperity,—quite temporary in its nature, as all such movements must be under our present system,—may again blind us to the danger of our position, and by inciting to further extensions, bring back all our present difficulties in an aggravated degree.

I confess myself entirely unable to understand the picture which Mr. H——'s imagination has created, of our empire surrounded, under this policy, with a "China wall." On the contrary, so far as I can judge, we should still be by far the most liberal of all the great commercial nations, and should still possess the greatest foreign trade in the world. But we should have proclaimed to those who do pursue a policy of Chinese isolation, that we have the power to be self-supporting in case of need, and that they can only retain our custom by admitting our productions, in future, on terms just as free as those on which we are ready to admit theirs.*

It is perhaps hardly worth while to hold up to ridicule, as it would be very easy to do, the contradictory notions propounded by those who choose to look everywhere but in the right quarter for the causes of the decline of our trade. Yet it may be observed that one has daily to read or hear, with as grave a countenance

* See Note G.

as can be kept, such mutually destructive propositions as the following:—

- 1.—That protection necessarily destroys the power of those protected to compete in foreign or neutral markets; yet that America, after a long term of the most excessive protection, is actually becoming one of our most formidable competitors!
- 2.—That our depression is largely owing to our heavy load of taxation; yet that France, far more heavily laden, suffers least of all nations from the depression of trade!
- 3.—That we ought to bring our waste lands into cultivation, and so require to import less food; yet it is evident that the pressure of foreign competition, by disabling farmers from expending an adequate amount on labour and manures, has already seriously reduced the productive capacity of even our best lands, and that this disastrous effect is still increasing!
- 4.—That the reduction of wages and prices will create an increased demand for our productions, even in the face of hostile tariffs; yet, in spite of an excessively low range of prices, lowered further for some time past, by the losses of employers, the depression only deepens, and the demand still contracts!

No; we have to fall back on the fact that the cause of our distress is one-sided trade, and THE ONLY REMEDY REAL FREE-TRADE; TO BE OBTAINED WITH FOREIGN NATIONS IF POSSIBLE, AND IF NOT, TO BE RESOLUTELY BUILT UP WITHIN OUR OWN EMPIRE, TO AN EXTENT AT LEAST SUFFICIENT TO ENABLE US TO OBTAIN OUR FOOD IN FREE EXCHANGE FOR OUR PRODUCTIONS. And if in doing this, we are accused of unfaithfulness to the principles of political economy, we may fall back upon a high authority. Adam Smith wrote,—“The case in which it may sometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, is when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country. Revenge in this case naturally dictates retaliation, and that we should impose the like duties and prohibitions upon the importation of some or all of their manufactures into ours.” He goes on to describe

the attempts of the French to favour their own manufactures by restraining the importation of foreign goods, and the war of tariffs between France and England which followed, to the great detriment of both nations, and then remarks,—“There may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The recovery of a great foreign market will generally more than compensate the transitory inconveniency of paying dearer, during a short time, for some sorts of goods.” *Wealth of Nations*, Book iv., chap. ii.*

If ever circumstances can make this “matter of deliberation” for us, they certainly do so at present; and it ill becomes any of those who profess a regard for the high authority of Adam Smith, to sneer at us, who simply propose to consider what he suggests.

Perhaps indeed nothing has done so much to retard the spread of Free-trade, and to encourage foreign nations in excluding our goods by protective tariffs, as the continual loud proclamations of foolish people in this country, that, let those nations treat us as badly as they may, we shall never retaliate, or alter our policy of admitting their products and manufactures duty free.

One remark, and I have done. In your kindly and courteous leading article on my previous letter, you not unreasonably assume that the economic benefits to our manufacturing population, rather than the great political interests of the empire, are the “influential motives” in the minds of us who advocate this policy.

I can only say that in my own case political considerations first inspired these views, which were strengthened by my perception of their economic bearings. The patriotic and economic questions are one and indivisible; the ultimate interests of our agricultural and manufacturing population at home, and of our Colonists, and the inhabitants of our dependencies, are identical.

Our first and highest end should be to consolidate and strengthen the empire, and so to give to all its citizens, in England and elsewhere, the sense of belonging to a great nation, still in the vigour of its youth, and possessing varied and inexhaustible resources; a nation, therefore, which, though disap-

* See Note H.

pointed at the policy of selfish isolation pursued by others, needs neither to be perplexed nor dismayed, but to turn with courage and promptitude to the alternative still left, which, though less profitable to the general interests of mankind than the course she would have preferred, may prove scarcely less profitable to her own.

I fear nothing so much as the sentiment of despondency,—the feeling that England has passed the summit, that henceforth she is to decline whilst others take the lead ; a sentiment neither wise, nor patriotic, nor founded on any wide review of our real position, nor worthy of a high-spirited imperial race.

Let us proclaim to each other the doctrine of consolidation and hope, instead of this miserable belief in disintegration and decay, which threatens to paralyze our energies, and so to bring about its own fulfilment. England is called to a great work, worthy of those high energies which our fathers have always put forth at every past crisis of her history, and never yet in vain. She has her empire to reconquer and consolidate,—not by blood and iron, but by a patient, unwearied, resolute, yet peaceful policy, directed to a clear and definite, though perhaps distant end.—I am, sir, yours faithfully,

W. FARRER ECROYD.

Lomeshaye Mills, near Burnley,
28th February, 1879.

NOTES.

NOTE A.

It is alleged that were we to withdraw from the system of Commercial Treaties, we should lose the advantages which we now enjoy, in certain cases, under the most favoured nation clause.

But on the other hand we should regain our own freedom of action, and so soon as it became evident that we meant to put up with nothing short of reciprocal treatment, we need not fear the loss of those poor concessions for which we have had to wheedle and supplicate foreign governments, or which we have received as accidents of the bargains made between them.

With such an amount of custom to bestow as is represented by our vast imports, we may rest assured that we shall at all times be able to secure the admission of our exports on the most favourable terms, if only we let it be clearly known that we mean to strike promptly and strike hard wherever (as at present by Spain) we may be subjected to special disadvantages.

And if it be true that we are already so bound by existing Treaties of Commerce that, for many years to come, it will be impossible for us to choose or to change our own fiscal policy,—that seems an urgent, nay an alarming reason why we should lose no time in commencing our escape from a false position, by refusing henceforth either to negotiate or to renew instruments so completely at variance with the principle of Free-trade.

NOTE B.

The *New York Times* of April 18th, in a leading article on my proposals, does not dispute their efficacy, but regards them as impracticable for two reasons. First, because no English government would dare to exasperate the working classes by an import duty on food; and secondly, because the chief English colonies are themselves becoming hopelessly protectionist.

But Americans habitually underrate the education and character,—the patriotism and political influence of English working men,—many of whom, in the generation now risen to manhood, are probably as well informed as the bulk of the middle class in the United States. There can, indeed, be no greater mistake than to suppose that the great body of our artisans are wanting in love of country, or that they regard the United States with longing eyes. Many have returned from America, during the past five years, disgusted with the extremes of the climate, the mode of living, the inordinate power wielded by great trading and carrying corporations, the lax enforcement of laws, and the rigid party organizations which trample down individual liberty of opinion. For true comfort and true liberty they infinitely

prefer their native country, and they will heartily support such political measures as may help them to remain and exercise their industry there, rather than in a foreign land.

Our working classes may, therefore, themselves dictate the adoption of the policy in question, and so enlist colonial opinion and interests in favour of a British Zollverein, which, besides supporting Home industries, would powerfully divert English commerce, capital, and emigration from America and other protectionist countries to our own dependencies.

NOTE C.

To correct a mistaken notion, which extensively prevails, that the effect of foreign tariffs upon our export of manufactures may be overcome by longer hours of labour, reduced wages, or improved machinery,—I may here state that the import duties levied by America, Russia, and Spain on textile fabrics are, in many cases, *equal to the whole cost of the raw materials* contained in such goods;—whilst the more moderate duties imposed by other nations generally equal, and often *exceed the total amount of wages paid in* their manufacture.

It is therefore self-evident that, even when economy of labour and reduction of wages shall have been carried so far as to depress the condition of the British workman to the utmost, the true remedy for our difficulties will be still to provide; whilst he will be far less able than at present, to endure the temporary addition to the cost of living which it may involve.

NOTE D.

We are warned that we might provoke a "War of tariffs" if we should venture to offend the United States by a modest duty of 10 per cent. on provisions, or France by an equally modest 12½ per cent. on silks.

Such sublime disregard of existing facts is almost amusing, when our very complaint is that we are already in the midst of a tremendous war of tariffs, which still thickens around us. Our long-continued practice of the friendly and open-handed policy of Free-trade towards them, has not prevented Russia or America from smiting our industry by duties of 50, 60, or 80 per cent., levied on all its most important productions.

The question, therefore, is not whether a war of tariffs is to be instituted. We have long been under a heavy fire in front and flank without replying; we see more and heavier guns continually placed in position against us. Are we, for fear of some loss of ammunition, to spike our own splendid artillery, and abandon the field to our opponents? Or are we, at last, to open fire in return, and thus, in the truest kindness, drive them from a position as injurious to themselves as to us?

NOTE E.

The tone of lofty indifference with which a portion of the public press treats matters involving the ruin and breaking up of the homes of large bodies of our industrial population, must be, in charity, attributed to the

dense ignorance of the writers. Apparently they are quite unaware that the skill and experience demanded of each class of workers—under the conditions of modern competition and the increased division of labour—require a lengthened training, which in a great degree unfits its subjects for any other employment, and entirely prevents their obtaining it during a time of general depression.

If 20,000 workmen are cast out of employment by the operation of the French Sugar Bounties, what matter, say they, so long as consumers enjoy the casual advantage of a farthing a pound in price for a few years? But surely the hollowness of the argument that the interest of the consumer alone is to be considered,—and that, if the French are kind enough to make us a present, we ought gladly to hold out both hands to receive it,—is proved by the fact that our governments have actually laboured to induce the French to withdraw this benefit from us!

Again, if multitudes of workpeople, long trained in the skilled industries which turn out finished iron and steel and textile manufactures, are driven out upon the world by the operation of foreign tariffs; what matter, we are told, so long as the exports of coal and pig iron and wool and machinery maintain the "volume of trade?" The world moves on, the Clearing House Returns keep up fairly, and we are assured that there is nothing seriously amiss, after all.

In like manner, the farmer is patted on the back, and silenced by the assurance that, with a reduction of rent and a lease, and increased economy and exertion, he will do very well, in spite of American competition. On this point, however, it would be interesting to hear the opinion of tenant farmers of capital and ability, who already hold on lease good farms at moderate rents.

Whatever optimists may say, it remains certain that the real prosperity of the country depends on the sustained activity of all its productive industries, and not upon that mere buying, selling, and speculating, which, however useful in its own secondary sphere, does nothing to increase the store of man's necessities or comforts.

The policy advocated in the foregoing pages, which, amongst other measures, would of course include an import duty of 10 per cent. on foreign sugar, might fail to restore full employment to our sugar refiners, and other workers, who are suffering so cruelly from the effects of foreign legislation; but, at least, let us give it a fair trial, for British workmen have a right to expect from their own government every possible effort to defend and save them.

NOTE F.

Since this passage was written, Canada has given us a lamentable proof of its truth, by seriously raising her import duties. She is thus drawing nearer to the American system, and separating herself further from that of the Mother country.

As we treat her productions with no more favour than those of the United

States, we cannot complain should she raise her duties on our manufactures to the same prohibitive level, and so treat us in return neither better nor worse than the Americans treat us.

But the outcome of all this must be the alienation and final loss of Canada and all our principal colonies,—a fatal result,—for which we shall have to thank our own narrow and short-sighted policy. It might have been far otherwise had we been wise in time; and late though it now is, the Sybil has not yet burnt all her books.

NOTE G.

I have had occasion in the foregoing pages to say many hard things of American commercial policy, and to insist on the importance of bringing into play our own great strength and resources to resist and check-mate it. I believe it to be of the utmost consequence to the future of the whole English-speaking race, and most of all to that of the United States, that this great contest should result in the victory of the Free Trade system on both sides the Atlantic.

I am utterly at a loss to understand why there should exist any feeling of jealousy, much less of antagonism, between the United States and England. The advancement of the human race may almost be said to be waiting upon the success of these two great kindred nations in fulfilling their allotted tasks. The chief danger to both is that the system of Protection may build up separate interests in various regions of each, which at last may break them up into a dozen separate nations, jealous of and, commercially if not politically, biting and devouring each other.

Both here and in America it has been too much the fashion to look upon England quite apart from her Colonies, instead as of the centre of a vast commonwealth. What California and Texas are to New York, Philadelphia, and Boston, such are Canada and the West Indies to London, Liverpool, and Glasgow. The ocean is indeed a grand highway of commerce, and a far less formidable obstacle to the exchange of commodities than the Rocky Mountains.

As regards the difficulties caused by differences of race, it is evident that Great Britain and her Australasian, Canadian, and West Indian Colonies are more homogeneous than the American Union, which contains an immense Negro population, not to speak of the various foreign elements acquired by recent immigration.

And lastly, the differences of interest between Pennsylvania and Massachusetts on the one hand, and the purely agricultural States of the South and West on the other, are greater and more sharply defined than any which exist or ever can exist, between England and her Colonies. The same might be said as between England and India; but of India I do not speak at present, as it is not a colony but a dependency of the Empire, except to remark that whatever imperfections may still remain in its administration, history presents no previous example of any great dependency so nobly and unselfishly governed.

America ought indeed to watch with a deep and sympathetic interest the success of England in maintaining the unity of her Empire; for, should she fail, it may be deemed certain that the widely-separated communities which compose the American Union are doomed to a like disruption: the same forces and motives will inevitably produce the same effects.

Is there not in the hearts of the wisest and best men in both nations a far higher and worthier aspiration?—a vision of a future Federal Union of all English-speaking communities, which shall give them increased strength and wealth and assurance of peace; and shall enable them to extend to less civilized lands, in a degree hitherto undreamed of, a participation in their own priceless inheritance of freedom and order based upon Christian civilization.

NOTE H.

John Stuart Mill also says:—"A country cannot be expected to renounce the power of taxing foreigners, unless foreigners will in return practise towards itself the same forbearance. The only mode in which a country can save itself from being a loser by the revenue duties imposed by other countries on its commodities, is to impose corresponding revenue duties on theirs. Only it must take care that those duties be not so high as to exceed all that remains of the advantage of the trade, and put an end to importation altogether, causing the article to be either produced at home, or imported from another and a dearer market."—*Principles of Political Economy*: Book V; end of chapter iv.

